

Testimony of  
**Mr. Patrick Bell**

July 23, 2003

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Before the Antitrust Subcommittee of the  
U.S. Senate Judiciary Committee  
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My name is Patrick Bell and I am a contract hog farmer from North Carolina.

I came to give you my perspective as someone who is on the farm everyday because I think it is important for the committee to hear from someone who actually have a hog farm under contract with Murphy Farms, which is a part of Smithfield Foods.

I would like to begin by telling the committee about my background.

I grew up in a small town named Kenansville, in eastern North Carolina. It was a tight knit community of about 900 people where agriculture was the most important industry. I come from a farming family, but when I was ready to begin my working life, it really wasn't an option for me to work full time on our family's farm and certainly not to get my own farm. I went to college and after graduating from The University of North Carolina in Chapel Hill I worked in the banking industry for about 10 years as a branch manager and commercial loan officer.

In 1992 I turned 30 years old and my father celebrated his 60th birthday the same year. That year I was just the same age that he had been when I was born and he sat me down and gave me a choice: as my parents' only child I could continue in banking and commit to a life outside farming or I could return home to my small town, which had very little industry or opportunity beyond the farm, and take over our contract hog farming operation.

That decision was a difficult one for me but I decided to return home and go into business with my father. That was nine years ago and we have had some struggles, but since then we have expanded our operation to almost twice its original size. Now our farm earns enough to allow me to support my family, and that gives me great satisfaction.

In hindsight, the decision to return home was one of the best decisions I have ever made because it has allowed me to live in the small town I love, be in the business I love with my father, and provide for my family while building some long term security.

My family and I have a deep emotional attachment to farming, but I always understood that my decision to become a hog farmer also was a business decision. When I decided to return home and enter into a contract agreement with Murphy Farms I had three main questions: 1) if I invest my family's savings in this farm, will it be an investment that has some good solid cash flow? 2)

does the company that I will contract with have the ability to pay my contract, can I count on them? 3) will this investment provide a stable income and a reliable profit in the long term for my family?

After being in the hog business for 15 years under contract, first for just my father and then for us both, I'm happy to say that the answer to all three questions has been absolutely yes.

Finally I think it is important for the committee to understand that in North Carolina the hog business is not owned by some nameless, faceless, monolithic corporation or group of people. In my state, and most any hog-producing state, the hog business is composed of small farmers like me. In fact, small farmers like me grow about 80% of Smithfield's hogs in North Carolina. The contracts we have make it possible to stay on the family farm or come back home and provide for our families by growing hogs under contract with Smithfield. When I sign that contract, I get a fair price, but that's not all. I get to know what the future holds for my family. I know that Smithfield bears the costs supplies the expertise to ensure that we comply with environmental and safety regulations I get to tell the people I do business with that they can count on the stability of my business - so the banker, the store that sells me feed and everybody else knows that they can extend me credit with confidence. When I was a banker, I had the unhappy duty of turning down some good farmers for loans, because they didn't have contracts for their hogs and we couldn't be sure that they would be able to meet their obligations. It was a hard thing to do, and I am grateful that my business is not subject to that kind of uncertainty.

I don't know the details of the Smithfield/Farmland acquisition, but I am sure that the hog farmers who had contracts with Farmland are very glad that Smithfield intends to honor those contracts. I know from experience that they will be dealing with honorable people, that they will get a fair price and that they will enjoy stability in their businesses that will help to keep their family farms alive and thriving. Thank you for the opportunity to address the committee.